

IGUNGA TRADERS COMPANY LIMITED

Business Plan

for

a Bulk Petroleum Products Storage and

Distribution Project in Tanzania

IGUNGA TRADERS COMPANY LIMITED

1.0 Executive Summary

IGUNGA TRADERS COMPANY LIMITED is a private business company incorporated in the United Republic of Tanzania with Certificate of incorporation No.186098617 issued on 20th June, 2025, the main line of business includes logistics, transportation, education etc.

This business plan proposes the establishment of a bulk petroleum products storage and distribution company in Tanzania, focusing on importation, storage, wholesale trading, and inland distribution of refined petroleum products. The project will handle Diesel (AGO), Petrol (PMS), Kerosene (DPK), and Industrial Fuel Oils targeting oil marketing companies (OMCs), mining companies, construction firms, power producers, transporters, and large institutional consumers.

The project has a total capital investment of US\$4.0 million, covering bulk storage tanks, loading gantries, road tanker fleet, safety systems, working capital, and regulatory compliance. The business is expected to achieve strong cash flows due to high and consistent demand for petroleum products in Tanzania's growing economy.

1.2 Key financial highlights:

- Annual throughput capacity: 60–80 million liters
- Projected annual revenue: US\$28–32 million
- Payback period: 3.5–4.5 years

1.2 Business Objectives

IGUNGA TRADERS COMPANY LIMITED

- Establish a compliant bulk petroleum storage and distribution facility
- Supply reliable and competitively priced fuel products nationwide
- Secure long-term supply contracts with major industrial consumers
- Achieve market share of 2% in regional bulk fuel supply within 5 years

2.0 Industry & Market Analysis

2.1 Petroleum Market Overview – Tanzania

- Tanzania imports over 95% of refined petroleum products
- Annual consumption exceeds 6 billion liters and growing at 5–7% p.a.
- Major demand drivers: transport sector, mining, construction, power generation, agriculture
- Liberalized downstream petroleum market regulated by EWURA

2.2 Target Market Segments

- Oil Marketing Companies (OMCs)
- Mining & exploration companies
- Power plants & generators
- Construction & infrastructure projects
- Large transport & logistics companies

2.3 Competitive Analysis

Competitors include:

- Major OMCs (TotalEnergies, Puma, Oryx, Vivo)
- Independent bulk traders

Competitive advantage:

- Strategic storage location
- Competitive pricing through bulk imports
- Reliable logistics and credit terms

3.0 Products & Services

3.1 Petroleum Products

3.2 Services

- Bulk fuel storage
- Wholesale supply
- Road tanker distribution
- Contract fuel supply (B2B)

IGUNGA TRADERS COMPANY LIMITED

3.0 Company Back Ground Brief

IGUNGA TRADERS COMPANY LIMITED is promoted by four shareholders who are very experienced in transport and logistic business,

Name of shareholders	% Ownership	Nationality
AMBINGA WILIFRED SILAA P.O. Box 64-IGUNGA	33.33	Tanzania
AIKANDE AMANI SWAI P.O. Box 64-IGUNGA	33.33	Tanzania
IBRAHIM AMBINGA SILAA P.O. Box 64-IGUNGA	16.67	Tanzania
FURAHINI AMBINGA P.O. Box 64-IGUNGA	16.67	Tanzania

All the directors of the company are therefore well versed people in the business operations, having been engaged in the business for a period ranging between 10 to 20 years, Equiped with the wide experience in the business as explained above, the directors of the company are optimistic of successful implementation of the proposed project.

1.5 Location & Infrastructure Plan

- The new project is located at Plot No.551, Block PP, MANGUA MITONGHO ,Singida Municipal Council, Singida Region
- Area: 3110Sqm

- 5.2 Storage Facilities
- Total storage capacity: 6–10 million liters
- Mild steel tanks with fire protection systems
- Automated tank gauging

1.6 Logistics

- 6–10 road tankers (30,000–45,000 liters each)
- Outsourced marine transport (import stage)

2.0 Operations Plan

2.1 Supply Chain

- Import from Middle East / regional refineries
- Discharge via port terminal or shared pipeline
- Storage → bulk dispatch → end customers

2.2 Quality & Safety

- Compliance with EWURA, TBS, OSHA standards
- Fire suppression systems
- Environmental protection & spill containment

2.3 Regulatory & Licensing Requirements (Tanzania)

- EWURA Bulk Procurement & Supply License
- EWURA Storage & Wholesale License

- Environmental Impact Assessment (NEMC)
- Fire & safety approval
- TBS fuel quality certification
- Local authority permits

3.0 Industry Overview

3.1 Global Petroleum Products Industry Overview

The global downstream petroleum industry covers refining, storage, transportation, wholesale, and retail distribution of refined petroleum products such as diesel, petrol, kerosene, jet fuel, and fuel oils. Despite the global energy transition, petroleum products remain critical for transport, power generation, mining, construction, agriculture, and manufacturing, especially in emerging economies.

3.2 Key global trends include:

- Continued growth in petroleum demand in Africa and Asia
- Expansion of bulk storage and logistics infrastructure
- Increasing importance of strategic fuel reserves
- Strong regulation around safety, environmental protection, and quality standards

3.3 Petroleum Industry Overview – Tanzania

Tanzania has a fully liberalized downstream petroleum sector, regulated by the Energy and Water Utilities Regulatory Authority

(EWURA). The country does not yet refine crude oil at scale and therefore imports over 95% of its refined petroleum products, mainly diesel (AGO), petrol (PMS), kerosene (DPK), jet fuel, and heavy fuel oil.

Petroleum products are essential to Tanzania's economy, supporting:

- Road, rail, marine, and air transport
- Power generation (thermal plants and standby generators)
- Mining operations (gold, coal, nickel, graphite)
- Construction and infrastructure development
- Agriculture and agro-processing

Annual national fuel consumption exceeds 6 billion liters, with diesel accounting for the largest share due to heavy usage in transport, mining, and power generation.

3.4 Supply Chain Structure

The downstream petroleum supply chain in Tanzania consists of:

1. Importation through seaports (Dar es Salaam, Tanga, Mtwara)
2. Discharge into coastal terminals and bulk storage facilities
3. Inland transportation via road tankers, rail, and pipeline
4. Wholesale distribution to oil marketing companies (OMCs) and bulk consumers
5. Retail distribution through filling stations and industrial users

Bulk storage and distribution companies play a strategic role in ensuring fuel security, stabilizing supply, and reducing logistics bottlenecks.

3.5 Key Industry Players

- International and regional OMCs (TotalEnergies, Puma Energy, Vivo Energy, Oryx Energies)
- Independent bulk traders and storage operators
- Government-linked strategic storage facilities
- Transport and logistics companies operating tanker fleets

Independent bulk distributors increasingly serve mining companies, construction projects, power producers, and institutional clients under long-term supply contracts.

3.6 Demand Drivers

Major drivers of petroleum demand in Tanzania include:

- Population growth and urbanization
- Expansion of road transport and logistics
- Growth in mining and extractive industries
- Ongoing infrastructure megaprojects (roads, rail, ports)
- Industrialization and special economic zones

Demand growth is estimated at 5–7% per annum over the medium term.

3.6 Industry Outlook

The outlook for Tanzania's bulk petroleum products storage and distribution industry remains strong and resilient, supported by steady demand growth, limited domestic refining capacity, and increasing industrial activity. Investments in modern storage facilities and efficient logistics are expected to deliver attractive and stable returns, particularly for operators with strong compliance, financial discipline, and long-term supply contracts.

4.0 Marketing & Sales Strategy

4.1 Pricing Strategy

- Cost-plus margin (US\$0.05–0.10 per liter)
- Volume-based discounts

4.2 Sales Channels

- Direct B2B contracts
- Spot bulk sales
- Framework agreements with institutions

5.0 Management & Organization

5.1 Staffing levels

- Managing Director
- Operations Manager
- Finance Manager
- HSSE Officer
- Sales & Logistics Team

- 20 employees

6.0 Operating Costs (Estimates)

Operating cost has been estimated to be 55% of total revenue

6.1 Key Financial Assumptions

- Average selling price: US\$1 per liter
- 6,000,000 liters
- Annual volume growth: 0.05
- Corporate income tax: 30%
- Depreciation (straight-line): 10 years
- Loan financing 8% interest

IGUNGA TRADERS COMPANY LIMITED

7.0 Project Investment Cost

The project is estimated cost **\$4,000,000**; breakdown of the total investment is as proved here below.

IGUNGA TRADERS COMPANY LIMITED COSTSTRUCTURE US\$

Land and Buildings	1,500,000
Machinery & Equipment	450,000
Motor Vehicles	1,020,000
Furniture & Fixtures	5,000
Pre exp	2,500
Others	22,500
Working Capital	1,000,000
TOTAL	4,000,000

7.1 Investment Pattern

The investment financing pattern is provided below.

Source	Value (\$)
Equity	2,000,000
Loan	2,000,000
Total	4,000,000

8.0 Financial Analysis and Projections

8.1 Considerations and Assumptions

The corporate tax charged is 30% of the profits. Capital investment allowance is 50%. The capital assets are exempted from custom duty

and Value Added Tax. The straight-line method to depreciate the project's capital items has been applied, it is assumed to be 5-10% annual depreciation.

11.2 Projected Profit and Loss Statement

The Income and Expenditure Statement show the projected income for the 8 years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US \$ 1,052,100** in first year to **US \$ 5,196,413** in the 5th years, refer appendix (I)

11.3 Projected Cash Flows

The project's cash flows depict a good liquid position right from the first year. Cash accumulation builds up from **US \$ 1,349,100** in the first year to **US\$ 6,361,413** at the end of 5th years of the project's operations, refer appendix (II)

11.4 Projected Balance Sheet

The company owners' equity increases from US **\$2,000,000** at the end of first year to **US\$ 7,196,413** at the end of 8th year which is significance increase as you can see, refer appendix (III)

11.5 Projected Risks

No major risks have been identified for this kind of project so far. Unless a change in the country's political and economic stability.

IGUNGA TRADERS COMPANY LIMITED

11.6 Implementation Schedule

Project implementation is expected to be relatively very short once project has been approved it is estimated that construction of will be completed within two years: -

Project Implementation

S/N	ACTIVITY	PERIOD
1	Processing TISEZA Certificate of Incentive	February 2026
2	Processing Exemptions	May-July 2026
3	Mobilizing Fund	August -October 2026
3	Construction	December -August 2028
4	Ordering school equipment, furniture and fittings and other equipment	September -December 2028
5	Testing business and in-house training	December –March 2029
6	Commercial operations	April 2029

12.0 Conclusion & Recommendation

12.1 Conclusion

- The project is profitable and contributes to government revenue by way of taxes.
- The project provides employment to **20** people.

- The project is an encouraging sign to prove that we have investors who have confidence with Tanzania and are ready to invest such large sums of investment.

12.2 Recommendation

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the TISEZA. The project deserves this support because of its viability, since it is technical feasible, economically viable and socially acceptable.

IGUNGA TRADERS COMPANY LIMITED

APPENDIX I

IGUNGA TRADERS COMPANY LIMITED PROJECTED INCOME & EXPENDITURE STATEMENT " US \$

	1	2	3	4	5
Revenue	6,000,000	6,300,000	6,615,000	6,945,750	7,293,038
Total Cost	4,200,000	4,725,000	4,961,250	5,209,313	5,469,778
Profit before Depreciation & Interest	1,800,000	1,575,000	1,653,750	1,736,438	1,823,259
Interest	160,000	128,000	96,000	64,000	32,000
Depreciation	137,000	137,000	137,000	137,000	137,000
Gross Profit	1,503,000	1,310,000	1,420,750	1,535,438	1,654,259
Tax (30%)	450,900	393,000	426,225	460,631	496,278
Profit After Tax	1,052,100	917,000	994,525	1,074,806	1,157,982
Accumulated Profit	1,052,100	1,969,100	2,963,625	4,038,431	5,196,413

IGUNGA TRADERS COMPANY LIMITED

APPENDIX II

IGUNGA TRADERS COMPANY LIMITED PROJECTED CASH FLOW US\$

SOURCES:		1	2	3	4	5
Profit before interest and depreciation	-	1,800,000	1,575,000	1,653,750	1,736,438	1,823,259
Equity	2,000,000					
Loan	2,000,000					
Total Sources	4,000,000	1,800,000	1,575,000	1,653,750	1,736,438	1,823,259
Applications:						
Capital expenditure	2,975,000	-	-	-	-	-
working Capital &Others	1,025,000					
Cash	-	1,349,100	1,182,000	1,227,525	1,275,806	1,326,982
Tax	-	450,900	393,000	426,225	460,631	496,278
Sub total	4,000,000	1,800,000	1,575,000	1,653,750	1,736,438	1,823,259
Total applications	4,000,000	1,800,000	1,575,000	1,653,750	1,736,438	1,823,259
Accumulated cash		1,349,100	2,531,100	3,758,625	5,034,431	6,361,413

IGUNGA TRADERS COMPANY LIMITED

APPENDIX III

IGUNGA TRADERS COMPANY LIMITED PROJECTED BALANCE SHEET US \$

Fixed Assets		1	2	3	4	5
Opening balance	-	2,975,000	2,838,000	2,701,000	2,564,000	2,427,000
Additions	-					
Total Long-term Assets	-	2,975,000	2,838,000	2,701,000	2,564,000	2,427,000
Less depreciation	-	137,000	137,000	137,000	137,000	137,000
Closing balance	-	2,838,000	2,701,000	2,564,000	2,427,000	2,290,000
Working capital	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000	1,025,000
Accumulated cash	-	1,349,100	2,531,100	3,758,625	5,034,431	6,361,413
Total assets	1,025,000	5,212,100	6,257,100	7,347,625	8,486,431	9,676,413
Financed by						
Equity	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Accumulated profit	-	1,052,100	1,969,100	2,963,625	4,038,431	5,196,413
Total equity	2,000,000	3,052,100	3,969,100	4,963,625	6,038,431	7,196,413
Long term loan	2,000,000	1,600,000	1,200,000	800,000	400,000	-
Bank overdraft	-	-	-	-	-	-
Total debts	2,000,000	1,600,000	1,200,000	800,000	400,000	-
Total equity and debts	4,000,000	4,652,100	5,169,100	5,763,625	6,438,431	7,196,413

IGUNGA TRADERS COMPANY LIMITED

APPENDIX IV

IGUNGA TRADERS COMPANY LIMITED PROJECTED LONG-TERM LOAN REPAYMENT US\$

Year	Principle	Loan Interest (8%)	Total Amount Paid	Loan Balance
1	400,000	160,000.00	560,000.00	2,000,000.00
2	400,000	128,000.00	528,000.00	1,600,000.00
3	400,000	96,000.00	496,000.00	1,200,000.00
4	400,000	64,000.00	464,000.00	800,000.00
5	400,000	32,000.00	432,000.00	400,000.00

IGUNGA TRADERS COMPANY LIMITED

APPENDIX V

IGUNGA TRADERS COMPANY LIMITED COST STRUCTURE US\$

Land and Buildings	1,500,000
Machinery & Equipment	450,000
Motor Vehicles	1,020,000
Furniture & Fixtures	5,000
Pre exp	2,500
Others	22,500
Working Capital	1,000,000
TOTAL	4,000,000

IGUNGA TRADERS COMPANY LIMITED

APPENDIX VI

IGUNGA TRADERS COMPANY LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5
Land And Buildings	1,500,000	1,470,000	1,440,000	1,410,000	1,380,000
Machinery, Tools & Equipment	450,000	445,500	441,000	436,500	432,000
Motor Vehicles	1,020,000	918,000	816,000	714,000	612,000
Furniture & Fixtures	5,000	4,500	4,000	3,500	3,000
Total	2,975,000	2,838,000	2,701,000	2,564,000	2,427,000
DEPRECIATION	160000	2	3	4	5
Land and buildings	30,000	30,000	30,000	30,000	30,000
Machinery tools & Equipment	4,500	4,500	4,500	4,500	4,500
Motor Vehicles	102,000	102,000	102,000	102,000	102,000
Furniture & Fixtures	500	500	500	500	500
ANNUAL DEPRECIATION	137,000	137,000	137,000	137,000	137,000